

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
Minutes of the Benefits Committee Meeting  
July 31, 2002

TRUSTEES PRESENT

Ms. Joan Lewis, Chairperson  
Ms. Audrey Hidano, Vice-Chairperson  
Mr. Neal Miyahira  
Mr. Willard Miyake

GUEST TRUSTEES

Mr. Sam Callejo (Left 10:35 a.m.)

ATTORNEY

Mr. Brian Aburano, Deputy Attorney General

HEUHBTF STAFF

Mr. H. Mark Fukuhara, Administrator  
Ms. Wanda Kimura (Left 10:35 a.m.)  
Ms. Lynette Fukunaga  
Ms. Shirley Kawamoto

Mr. John Garner, Consultant  
Ms. Gerti Reagan, Consultant

OTHERS PRESENT

Ms. Jean Aoki, HSTRA  
Ms. Lynette Arakawa, HDS  
Mr. Gary Asato, Kaiser  
Mr. George Butterfield, HSTA-Retired  
Ms. Nani Crowell, HSTA MBC  
Ms. Alana Deppe-Mariota, Kaiser  
Ms. Monica Engle, VSP  
Ms. Elaine Fujiwara, HDS  
Grace Ing, HSTA-Retired  
Mr. Charles Khim  
Ms. Ruth Kim, Retiree

Ms. Doreen Kurada, SOH/DHRD  
Mr. Herbert Mendes, HDS  
Mr. Maurice Morita, HSTA  
Mr. Michael Moss, HMSA  
Mr. Gordon Murakami, Royal State  
Ms. Karen Muronaka, HSTA-Retired  
Ms. Celeste Nip, HFFA  
Ms. Karen Sam, HMSA  
Mr. Rod Tam, HMSA  
Ms. Amy Yasuda, UOH

I. CALL TO ORDER

The meeting of the Benefits Committee was called to order at 9:17 a.m. by  
Chairperson Joan Lewis in Conference Room 405, Leiopapa a Kamehameha, 235 South  
Beretania Street, Honolulu, Hawaii, on Wednesday, July 31, 2002.

II. APPROVAL OF MINUTES

The minutes for July 17, 2002 and July 23-24, 2002 meetings were not ready for review.

III. UNFINISHED BUSINESS:

A. Medical Plan Details - Recommended Coverages

MOTION was made to recommend to the full Board the recommended  
coverages/benefits as listed. (Miyake/Miyahira)

Discussion: There was public comment and discussion on including chiropractic care.

1 MOTION was amended to request a separate costing for chiropractic care, with  
2 limitations. The amended motion was further amended to include a cost for a  
3 stand-alone rider as well as inclusion in the basic plan.

4 Discussion: None.

5 Vote: Unanimously passed as amended.

6 Vote: The main motion as amended was unanimously passed.

7  
8 RECESS: 10:35 a.m. to 10:50 a.m.

9  
10 B. Structural Plan Decisions - Effects of Multi-Tier Structure

11  
12 MOTION was made to recommend to the full Board a two-tier structure for actives.  
13 (Miyahira/Miyake)

14 Discussion: Of all the options presented, a two-tier structure was determined to  
15 negatively impact the least number of employees.

16 Vote: Unanimously passed.

17  
18 There being no objections, agenda item III.C., Request for Proposal, was moved to the end  
19 of the agenda.

20  
21 IV. NEW BUSINESS

22  
23 A. Pharmacy Benefits

24  
25 1. Prescription Drug Benefits

26  
27 a. Retail (30-Day Supply)

28 MOTION was made to recommend to the full Board Retail  
29 Prescription Drug Benefit (30-Day Supply), the following  
30 alternatives: current HMSA, current Kaiser, and Alternative 2 and  
31 Alternative 4 PPO options with HMOs to offer their own options.  
32 (Miyahira/Hidano)

33 Discussion: Based on public comment, an additional alternative was  
34 discussed. Alternative 7 would provide Generic drug benefits at \$5,  
35 Preferred Brand drug benefits at \$15, and Other Brand drug benefits  
36 at \$15.

37 MOTION was amended to add an Alternative 7 to the list of options  
38 to be considered by the Board. (Miyake/Miyahira)

39 Discussion: A total of five options (current HMSA, current Kaiser  
40 Alternatives 2, 4 and 7), will be considered by the Board.

41 Vote: Unanimously passed as amended.

42 Vote: The main motion as amended was unanimously passed.

43  
44 b. Mail Order (90-Day Supply)

45

1 MOTION was made to recommend to the full Board Mail Order  
2 Prescription Drug Benefit (90-Day Supply) consisting of current HMSA,  
3 current Kaiser, Alternative 2, Alternative 4, and an Alternative 7:

4 (Miyahira/Miyake)

5 Discussion: The addition of an Alternative 7 similar to Retail (Generic  
6 \$10, Preferred Brand \$30, and Other Brand \$30) was recommended.

7 MOTION was amended to change the co-payments for Preferred Brand and  
8 Other Brand co-payments to \$20 for each for Alternative 7.

9 Discussion: The recommendation for lower co-payments for Preferred and  
10 Other Brands from \$30 to \$20 was discussed. It was argued that the ratio  
11 between Generic and Preferred and Other Brands should be maintained as  
12 an incentive for users to choose Generic Brands as a lower cost option.

13 Vote: Yes, Trustees Lewis and Miyake; No, Trustees Hidano and  
14 Miyahira. Motion to amend failed.

15 Vote: Main motion was unanimously passed.

16  
17 c. Prescription Drug Exclusions

18  
19 MOTION was made to recommend to the full Board Prescription Drugs  
20 Exclusions as written. (Miyahira/Miyake)

21 Discussion: None.

22 Vote: Unanimously passed.

23  
24 RECESS: 12:08 p.m. to 1:28 p.m.

25  
26 B. Request for Proposal

27  
28 The Deputy Attorney General expressed a concern that local carriers who may bid on  
29 the RFP are attending Committee meetings at which the content of the RFP is being  
30 discussed. While many parts of the RFP are fairly standard, allowing the local carriers  
31 to hear and engage in discussions on the content of the RFP may result in their having  
32 an unfair advantage over carriers who aren't present. Since the Committee hearings  
33 were public and open to all, the Committee agreed to continue to allow the local  
34 carriers to attend meetings at which the content of the RFP is discussed. In connection  
35 with this, it was noted that the evaluation of all proposals received in response to the  
36 RFP will be done in Executive Sessions.

37  
38 1. MOTION was made to formally recommend to the Board the addition of  
39 Medicare HMOs (e.g., 65C+), for retirees. (Miyake/Miyahira)

40 Discussion: None.

41 Vote: Unanimously passed.

42  
43 2. Minimum Requirements

44 MOTION was made to have the following be minimum requirements for  
45 proposals responding to the RFP: a Honolulu Office and HMOs must be NCQA  
46 accredited. All other potential requirements such as exclusions, group

1 experience, financial status, and local presence in the islands will be dealt with in  
2 other parts of the RFP. (Miyahira/Hidano)

3 Discussion: There was public comment and discussion that local presence in  
4 Honolulu be specified with customer service to avoid time zone differences and  
5 long distance phone calls.

6 MOTION amended to specify a Honolulu Office, including for life insurance.

7 The motion was further revised to specify City and County of Honolulu and to  
8 also include customer service. (Miyake/Lewis)

9 Discussion: None.

10 Vote: Unanimously passed.

11 Vote: Main motion as revised was unanimously passed.

12  
13 3. Mr. Fukuhara provided the following schedule for the review of the RFP:

- 14  
15 - On July 31, review Sections 1, 2, 4, and 5.  
16 - On August 6, review of Performance Standards; Dental/Vision/Life  
17 Insurance; and Section 3, Minimum Qualifications.  
18 - August 12, review Performance Standards; Performance Guarantees; and  
19 Section 6, Evaluation Process.  
20 - August 20 – Review entire RFP.  
21 - Executive Sessions would be required on October 17 and 24 for Garner to  
22 provide their recommendations on the finalists and plan designs; and on  
23 October 25, 28, and 29 and November 6 and 7 for Applicant presentations.

- 24  
25 a. MOTION was made to adopt the timeline with insertion of Board meeting  
26 dates on the day Garner will make their finalist recommendations, and take  
27 out “Deadline for Best and Final Offers.” (There should be Board meetings  
28 in the afternoon with an invitation to all trustees to attend the morning  
29 Benefits Committee meetings.) (Miyahira/Hidano)

30 Discussion: There were public comments and discussion on revising the  
31 timeline to allow more time for review of the RFP.

32 Motion was made to amend the proposal deadline to October 1.

33 (Miyahira/Miyake)

34 Discussion: A change in the proposal deadline would require changes in  
35 other deadlines as follows: 1) Garner Recommendations to Committee,  
36 a) Vision, Dental, and Life Insurance to October 17, 2002, b) Medical and  
37 Prescription Drug to October 24, 2002; 2) Notice to Priority Listed  
38 Applicants to Present Plans, a) Vision, Dental, and Life Insurance to  
39 October 18, 2002, b) Medical and Prescription Drug to October 25, 2002;  
40 and 3) Applicant Presentations, a) Vision, Dental, and Life Insurance to  
41 October 25, 28, 29, 2002, b) Medical and Prescription Drug to  
42 November 6-7, 2002.

43 Vote: The motion passed – Yes, Trustees Lewis and Miyahira; Yes (with  
44 concerns), Trustees Hidano and Miyake.

45 Vote: The main motion as amended was unanimously passed.  
46

V. FUTURE AGENDA ITEMS AND NEXT MEETING

The next meeting is scheduled for August 6, 2002, 1:30 p.m. following the Board meeting in State Office Tower, Conference Room 405.

VI. ADJOURNMENT

MOTION to adjourn. (Miyake/Hidano)

Discussion: None.

Vote: Unanimously passed.

Meeting adjourned at 4:18 p.m.

Respectfully submitted,

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Joan Kamie Lewis, Chairperson

DOCUMENTS DISTRIBUTED:

1. Recommended Coverages. (4 pages)
2. Prescription Drug Benefits. (2 pages)
3. Minimum Requirements. (2 pages)
4. Request for Proposal. (46 pages)
5. Approved Minutes, Benefits Committee, May 14, 2002. (3 pages)
6. Approved Minutes, Benefits Committee, July 9, 2002. (3 pages)